

Comprehensive Ethics Reform Plan

- ***Addresses all major issues***
 - Pay-to-play
 - Wheeling and campaign finance reform
 - Contracting reform
 - Ethics enforcement, compliance, and training
 - Financial disclosure
 - Other issues

- ***Fulfills remaining items in the comprehensive ethics and governance reform agenda outlined in 2005 campaign***
 1. Create position of State Comptroller – completed in 2007
 2. End pay-to-play at every level of government – accomplished by this plan
 3. Stop “revolving door” lobbying by senior staff – completed in 2006
 4. Restrict no-bid contracting – started by EO in 2006 and completed in this plan
 5. Ban wheeling – accomplished by this plan
 6. Ban pension padding – started in 2007 and completed in recently passed bill
 7. Strengthen public financing of campaigns – completed in 2007
 8. Re-establish Office of Public Advocate – completed in 2006
 9. Create all-public-member State Ethics Commission – accomplished by this plan

- ***Achieves remaining reform goals outlined by legislative leadership at start of session***
 - loophole-free pay-to-play reform
 - wheeling ban
 - overhaul of legislative ethics committee – bill signed into law April 2008
 - modernized legislative ethics code – adopted by Legislature in March 2008

Reforms Through Executive Order

Pay to Play

- Ban contributions by State redevelopers and their consultants
- Tighten coverage of current ban on State-contractor contributions to include contributions by partners of professional service firms regardless of percentage of ownership
- Address issue of evasion of current restrictions by extending current ban to include State-contractor contributions to legislative leadership committees and municipal committees

The above provisions would be codified in subsequent legislation

Ethics Enforcement

- Appoint a task force to make recommendations on whether the Local Government Ethics Law should be amended to match the State Conflicts of Interest Law and whether enforcement responsibility should be shifted from the Local Finance Board to another entity focused solely on government ethics. Task force also would consider how to implement a training and compliance program for local ethics.

Financial Disclosure

- Update financial disclosure executive order to address newly created boards and positions that should be subject to disclosure requirement

Reforms Requiring Legislation

Pay-to-Play

State government and authorities

- Codify Executive Orders that strengthen State contractor ban and that create new ban on State redevelopers

County and municipal governments and authorities

- Amend current law to remove “fair and open process” exception
- Tighten coverage to include contributions by partners of professional service firms regardless of percentage of ownership
- Ban contributions by county government or county authority contractors to municipal candidates and municipal committees in that county and ban contributions by municipal government or municipal authority contractors to county candidates and county committees in that county
- Enhance compliance and enforcement by making State law apply uniformly across all local governments since with strengthened State law there is no need for the current mosaic of local ordinances
- Ban contributions by county and local redevelopers and their consultants (modeled on State-level ban to be established by Executive Order)
- Ban contributions by developers seeking development approvals

School Districts

- Codify current Department of Education Accountability Regulations regarding pay-to-play (which cover contributions to school board candidates) and extend the ban to cover contributions by school district contractors to county candidates, county committees, municipal candidates, and municipal committees where the school district is located

Regional Utility Authorities

- Extend contribution restrictions that apply to State contractors to contractors for legislatively created regional utility authorities

Auditors

- Ban contributions by audit firms and partners to audit clients (as recommend in August 2008 Report of State Comptroller)

Wheeling

These reforms will help prevent party committees from being used to evade pay-to-play and regular campaign finance law limits on contributions. Except for certain restrictions on county committees, current law allows party committees to make unlimited contributions to candidates, other party committees, and PACs. Under these reforms, county-to-county contributions would be banned, as would contributions by county or municipal committees to municipal committees in other counties. Party committees would only be permitted to make unlimited contributions to candidates or constituent party committees within the intended sphere of influence of the party committee. In essence, unlimited contributions would be permitted to flow only downhill, not uphill or laterally. As to all other contributions, a party committee would be subject to the same contribution limits as PACs.

State Committees

- Impose new annual limit of \$25K on contributions by State committees to a legislative leadership committee
- Impose new annual limit of \$7,200 on contributions by State committees to a PAC

Legislative Leadership Committees (LLCs)

- Impose new annual limits on contributions by LLCs to a State committee (\$25K), another LLC (\$25K), a county committee (\$25K), a municipal committee (\$7,200), a county or municipal candidate (\$8,200), and a PAC (\$7,200)

County Committees

- Impose new annual limit of \$25K on contributions by a county committee to a State committee or a LLC
- Extend current ban on contributions by a county committee to another county committee, which runs from Jan. 1 to June 30, to cover the entire year, and ban contributions to municipal committees in other counties.
- Impose new annual limit of \$7,200 on contributions by a county committee to a PAC

Municipal Committees

- Impose new annual limit of \$8,200 on contributions by a municipal committee to a candidate in another municipality
- Ban contributions from a municipal committee to another municipal committee in another county and impose new annual limit of \$7,200 on contributions by a municipal committee to another municipal committee in the same county

- Ban contributions by a municipal committee to a county committee in another county and impose new annual limit of \$25K on contributions by a municipal committee to its own county committee, the State committee, or an LLC and \$7,200 on contributions to a PAC

Campaign Finance

Lower Contribution Limits

- Lower current annual limit on contributions to a county committee from \$37K to \$25K.

527s and Similar Groups

- Require greater disclosure for ads broadcast within certain period prior to election

Contracting Reform

- Codify Executive Order No. 37 (2006) (independent State authority procurement and governance reforms) and provide for Governor’s veto power over minutes of the few authorities where the power does not now exist (North Jersey District Water Supply Commission and Passaic Valley Sewerage Commission)
- Amend Local Public Contracts Law, Local Public School Contracts Law, and County College Contracts Law to require “fair and open process” as a minimum process for all awards of professional service contracts
- Amend Local Public Contracts Law, Local Public School Contracts Law, and County College Contracts Law to require “competitive contracting” for insurance contracts
- Reform local auditing rotation and selection practices to enhance independence of auditors (to include recommendations from August 2008 Report of State Comptroller)
 - prohibit audit firms from providing other services to public entity audit clients during term of audit engagement
 - require rotation of auditors at least every 10 years, replace single-year auditing engagement with five-year engagement subject to termination for violation of professional standards or similar malfeasance, and require competitive selection process

Ethics Enforcement, Compliance, and Training

- Amend current law to make State Ethics Commission an all-public-member body, as the Legislative Ethics Committee now is

Financial Disclosure

- Strengthen legislative disclosure regarding sources of income

Other Reforms

- Prohibit use of State grant funds for hiring lobbyists to lobby State government
- Amend criminal statutes to add corruption offenses to the list of “predicate offenses” under the State’s RICO statute
- Modernize enforcement of campaign finance reporting requirements by giving ELEC authority to establish a schedule of penalties for late filing of campaign finance reports and for other administrative violations of election laws (modeled on federal law)
- Amend law regarding penalties for failure to file financial disclosures so that the per-diem fine would apply to employees but failure to file by unpaid board and commission members after appropriate reminder would trigger automatic removal from position rather than fine

Proposed Contribution Limits Under Anti-Wheeling/Campaign Finance Reforms

<i>Entity Making Contributions</i>	<i>Entity Receiving Contributions</i>					
	Candidate	PAC	Leadership Committee	State Committee	County Committee	Municipal Committee
↓ Individual, union, corporation	\$2,600	\$7,200	\$25,000	\$25,000	\$37,000 \$25,000	\$7,200
Candidate, any PAC	\$8,200	\$7,200	\$25,000	\$25,000	\$37,000 \$25,000	\$7,200
Leadership Committee	<u>Legislative:</u> No limit <u>All others:</u> \$8,200	No limit \$7,200	No limit \$25,000	No limit \$25,000	No limit \$25,000	No limit \$7,200
State Committee	No limit	No limit \$7,200	No limit \$25,000	N/A	No limit	No limit
County Committee	<u>In-county:</u> No limit <u>Other county:</u> \$8,200 <u>Leg. 20% in county:</u> \$8,200 <u>Leg. 20-40% in county:</u> \$37,000 \$25,000	No limit \$7,200	No limit \$25,000	No limit \$25,000	<u>1/1 to 6/30:</u> banned <u>7/1 to 12/31:</u> No limit banned	<u>In-county:</u> No limit <u>Other county:</u> \$7,200 banned
Municipal Committee	<u>In-municipality:</u> No limit <u>All others:</u> \$8,200	No limit \$7,200	No limit \$25,000	No limit \$25,000	No limit <u>In-county:</u> \$25,000 <u>Other county:</u> banned	No limit <u>In-county:</u> \$7,200 <u>Other county:</u> banned

Bold indicates proposed change in current law